

NEWS FROM ED MARKEY

United States Congress

Massachusetts Seventh District

FOR IMMEDIATE RELEASE

June 25, 2003

CONTACT: Israel Klein

Jeff Duncan

(202) 225-2836

**Statement of Rep. Edward J. Markey (D-MA)
Regarding Freddie Mac's Report on Restatement Progress**

Washington, D.C. – Representative Edward J. Markey (D-MA), a senior Democratic Member of the House Energy and Commerce Committee and the lead Democratic co-sponsor of H.R. 2022, the "Leave No Securities Behind Act" today issued the following statement in reaction to Freddie Mac's announcement regarding the progress of its efforts to restate its earnings:

"Freddie Mac's announcement that it will need to restate its earnings by \$1.5 billion to \$4.5 billion raises as many questions as it answers.

"While this restatement will dramatically increase Freddie Mac's previously reported earnings, this will come at the expense of future reported earnings. From all appearances, Freddie Mac was employing creative accounting for its financial derivatives to manage its reported earnings and disguise the true level of earnings volatility.

"What we don't yet know is whether these actions were the result of incompetence or malfeasance. In order to get to the bottom of this, Congress needs to hold thorough investigative hearings. I look forward to working with Chairman Stearns, Chairman Tauzin, and other Members of the Energy and Commerce Committee as we prepare for such hearings.

"I also think that what we are now learning underscores the need to get rid of Freddie Mac's special exemption from having to register all of its securities with the SEC. Clearly, Freddie's primary regulator – OFHEO (Office of Federal Housing Enterprise Oversight) was blissfully unaware of the accounting problems at the company. Perhaps if Freddie Mac's disclosures had been subject to SEC scrutiny, someone would have caught these problems much, much earlier. I intend to continue pressing for adoption of the Shays-Markey bill, H.R. 2022, that would force Freddie Mac, along with Fannie Mae, to register all of their securities with the SEC and comply with the investor protection requirements of the federal securities laws."

#